

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0207-01  
Bill No.: Truly Agreed to and Finally Passed HB 114  
Subject: Kansas City; Revenue Dept.; Taxation and Revenue – General; Taxation and Revenue – Sales and Use  
Type: Original  
Date: May 17, 2005

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Revenue	\$151,500	\$306,030	\$309,090
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$151,500</b>	<b>\$306,030</b>	<b>\$309,090</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$14,998,500</b>	<b>\$30,296,970</b>	<b>\$30,599,940</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials with the **Department of Revenue and Department of Transportation** assume this legislation would have no fiscal impact on their agencies.

Officials with the **Kansas City Area Transportation Authority (KCATA)**—in response to a previous version of this proposal (FN #0207-01/Perfectd HB 114)—assumed this proposal would remove the sunset date of December 31, 2005 on the one-half cent sales tax that supports their operations. KCATA officials state that the tax currently generates approximately \$30 million per year in revenues, which increases at a rate of approximately 1% per year.

Using a 1% annual growth rate, **Oversight** assumes sales tax revenues resulting from this tax to be approximately \$30.3 million in FY06, \$30.6 million in FY07, and \$30.9 million in FY08. **Oversight** further assumes that the state levies a 1% collection fee on local sales taxes it collects. Thus, collection fees totaling approximately \$151,500 in FY06 (for six months), \$306,030 in FY07, and \$309,090 in FY08 would be credited to General Revenue as a result of this proposal.

**This proposal would increase Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<u>Income</u> – 1% Collection Fee	\$151,500	\$306,030	\$309,090
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$151,500</u></b>	<b><u>\$306,030</u></b>	<b><u>\$309,090</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
<u>Income</u> – to Kansas City Area Transportation Authority 1/2% Sales Tax	\$14,998,500	\$30,296,970	\$30,599,940
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>\$14,998,500</u></b>	<b><u>\$30,296,970</u></b>	<b><u>\$30,599,940</u></b>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they pay local sales tax on taxable items. The extension of the Kansas City transportation sales tax would cause small businesses to continue to pay the local rate for such taxable items until December 31, 2015.

DESCRIPTION

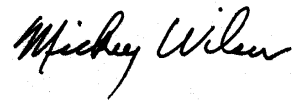
This act extends the Kansas City area mass transportation sales tax, moving the sunset date from December 31, 2005 to December 31, 2015..

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0207-01  
Bill No. Truly Agreed to and Finally Passed HB 114  
Page 4 of 4  
May 17, 2005

SOURCES OF INFORMATION

Department of Revenue  
Department of Transportation  
Kansas City Area Transportation Authority

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
May 17, 2005